

3117

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA

Annual Financial Statements

For the Year Ended
June 30, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/28/09

Contents

Independent Auditor's Report	1 - 2
-------------------------------------	--------------

Required Supplemental Information (Part I)

Management's Discussion and Analysis	4 - 9
--------------------------------------	-------

Basic Financial Statements

Government-Wide Financial Statements	
Statement of Net Assets	11
Statement of Activities	12
Fund Financial Statements	
Governmental Funds	
Major Fund Descriptions	14
Balance Sheet	15
Statement of Revenues, Expenditures and Changes in Fund Balances	16 - 17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	18
Proprietary Fund	
Fund Description	20
Statement of Net Assets - Internal Service Fund	21
Statement of Revenues, Expenses and Change in Net Assets - Internal Service Fund	22
Statement of Cash Flows - Internal Service Fund	23
Fiduciary Fund	
Statement of Net Assets	25

Notes to Financial Statements	27 - 42
--------------------------------------	----------------

Required Supplemental Information (Part II)

Budgetary Comparison Schedules	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	44
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Jail Special Revenue Fund	45

Contents

Combining and Individual Fund Financial Statements - Non-Major Governmental Funds

Fund Descriptions	47
Combining Balance Sheet	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	49

Combining and Individual Fund Financial Statements - Fiduciary Fund - Agency Funds

Fund Descriptions	51
Combining Statement of Net Assets	52
Combining Schedule of Changes in Balances Due to Taxing Bodies and Others	53

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	54 - 55
--	---------

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i>	56 - 57
---	---------

Schedule of Expenditures of Federal Awards	58
--	----

Schedule of Findings and Questioned Costs	59 - 61
---	---------

Schedule of Prior Year Findings and Questioned Costs	62
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Independent Auditor's Report

The Honorable Rodney J. Strain, Jr.
St. Tammany Parish Sheriff
St. Tammany Parish, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the St. Tammany Parish Sheriff (the Sheriff) as of and for the year ended June 30, 2008, which collectively comprise the Sheriff's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the St. Tammany Parish Sheriff's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the St. Tammany Parish Sheriff, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2008, on our consideration of the St. Tammany Parish Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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The Management's Discussion and Analysis on pages 4 through 9 and the budgetary comparison information on pages 44 through 45 are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the St. Tammany Parish Sheriff's basic financial statements. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements of the St. Tammany Parish Sheriff. The combining and individual fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



A Professional Accounting Corporation

December 30, 2008

REQUIRED SUPPLEMENTAL INFORMATION (PART I)

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Management's Discussion and Analysis

As required by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, the St. Tammany Parish Sheriff (the Sheriff) hereby presents the Management's Discussion and Analysis, which contains a narrative overview and analysis of the financial activities of the Sheriff for the year ended June 30, 2008. This document will be based upon "currently known facts," decisions or conditions that management is aware of as of the date of the auditor's report.

FINANCIAL HIGHLIGHTS

- The net assets of the Sheriff exceeded its liabilities at the close of fiscal year 2008 by \$17,769,757.
- Entity revenues increased by \$3,627,044 compared to last year's revenues.
- The Sheriff's governmental funds reported a total ending fund balance of \$15,102,293. This compares to the prior year ending fund balance of \$20,623,805, which is a decrease of \$5,521,512.

Overall, the Sheriff continues to maintain a strong financial position. The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This audit report consists of five parts: Management's Discussion and Analysis (this section), the basic financial statements, notes to the financial statements, required supplementary information, combining statements for non-major governmental funds and combining statements for fiduciary funds. The basic financial statements include two kinds of statements that present different views of the Sheriff:

- Government-Wide Financial Statements
- Fund Financial Statements

Also included in this report are fiduciary fund statements. These statements provide information about the financial relationships in which the Sheriff acts solely as a trustee or agent for the benefit of others. The financial statements also include notes that explain some of the data in the statements in a more detailed format.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The annual report of the Sheriff includes two government-wide financial statements. These statements provide both long-term and short-term information about the overall financial status of the Sheriff. GASB Statement No. 34 has modified governmental financial reporting by implementing a model that uses accounting methods similar to private-sector companies. The basis of accounting used is accrual accounting. The two government-wide financial statements are as follows:

- *Statement of Net Assets:* This statement presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets. Assessing net assets is one way to measure the Sheriff's financial health or position. Increases or decreases in net assets serve as useful indicators as to whether financial position as a whole is improving or deteriorating.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Management's Discussion and Analysis

- *Statement of Activities:* This statement reports how the net assets of the Sheriff have changed during the current year. All current year revenues and expenses are included regardless of when the cash is received or paid. The purpose of the Statement of Activities is to demonstrate the financial reliance of the governmental type activities or functions of the Sheriff on revenues provided by the taxpayers.

The government-wide financial statements present governmental-type activities of the Sheriff that are principally supported by a law enforcement property tax millage, a ¼ cent law enforcement district sales tax and an additional ¼ cent sales tax dedicated to jail expansion and operation. The sole purpose of these governmental activities is public safety.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Sheriff, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Sheriff can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

1. *Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Sheriff maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, jail special revenue fund and capital projects fund, all of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

2. *Proprietary Funds* - The Sheriff maintains one proprietary fund, the internal service fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Sheriff's various funds. The Sheriff uses the internal service fund to account for its risk management self-insurance fund. Because this service benefits governmental functions, it has been included within governmental activities in the government-wide financial statements.
3. *Fiduciary Funds* - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Sheriff's own programs.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Management's Discussion and Analysis

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This budgetary comparison information can be found directly after the notes to the financial statements.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information.

Also, combining statements regarding the Sheriff's agency funds can be found following the non-major fund financial statements.

FINANCIAL ANALYSIS OF THE SHERIFF AS A WHOLE

As shown on the Statement of Net Assets (see chart below), the Sheriff has \$13,192,193 invested in capital assets, net of related debt. These capital assets include items such as buildings, vehicles, furniture, fixtures and equipment.

	FY 2007	FY 2008
Assets		
Current Assets	\$ 26,102,939	\$ 20,368,711
Capital Assets, Net of Accumulated Depreciation	11,338,084	14,507,193
Total Assets	37,441,023	34,875,904
Liabilities		
Current Liabilities	6,643,035	6,497,019
Long-Term Liabilities Outstanding	11,934,128	10,609,128
Total Liabilities	18,577,163	17,106,147
Net Assets		
Invested in Capital Assets, Net of Related Debt	8,068,084	13,192,193
Unrestricted	10,795,776	4,577,564
Total Net Assets	\$ 18,863,860	\$ 17,769,757

In order to provide a better understanding of our financial statements, the non-current liabilities section of the Statement of Net Assets has been presented in two new components, those being the Certificate of Indebtedness Payable and Community Disaster Loan Payable. The amount invested in capital assets, net of related debt, represents 74% of total net assets. The second component of net assets is the unrestricted portion. The Sheriff has \$4,577,564 in unrestricted net assets. These assets are not restricted to a particular program or purpose and are therefore available to the Sheriff to expend on current services and pay creditors.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Management's Discussion and Analysis

The current ratio is a tool used to assess the ability of the Sheriff to pay or meet short-term obligations. The current ratio is equal to current assets divided by current liabilities.

$$\text{Current Ratio (Sheriff)} = \frac{\text{Current Assets}}{\text{Current Liabilities}} = \frac{\$ 20,368,711}{\$ 6,497,019}$$

Therefore, the current ratio for the year ended June 30, 2008, is 3.14 to 1.

The Sheriff's current ratio for June 30, 2007, was 3.93 to 1. This decrease is a result of purchasing capital assets and paying down long-term debt.

An important consideration for the Sheriff to determine is whether the net assets of his governmental activities are adequate to meet the cash flow needs of his department. To do this, the Sheriff focuses on the month-to-month cash flow of his governmental activities to determine when his cash and investment balances are at their lowest levels because of the timing of the receipt of ad valorem tax revenue. Cash and investment balances of the governmental activities totaled \$14,710,114 at June 30, 2008. This was a decrease over last year's June 30th balance of \$20,373,735.

Government-Wide Revenues

The operations of the Sheriff are supported primarily by property and sales taxes. Property and sales taxes represent 63% of total revenue. Fees, charges and commissions assessed on services represent 23% of total revenue. Federal and state funds represent 10% of total revenue. Interest/Other Revenues represent 4% of total revenue.

Revenues % of Operations	FY 2007	FY 2008
Property and Sales Taxes	64%	63%
Fees, Charges and Commissions	22%	23%
Federal and State Funds	7%	10%
Interest Earnings/Other Revenues	7%	4%

As noted above, property and sales tax revenues, fees, charges and commissions have remained consistent over the course of FY 2007 and FY 2008.

Also, the Sheriff earned \$704,827 in interest and investment earnings.

Governmental Expenses

The majority of the expenses of the Sheriff are for the purpose of public safety. The public safety expenditures include amounts related to the Sheriff serving as Ex-Officio Tax Collector for St. Tammany Parish. The depreciation expense for fiscal year 2008 totaled \$3,404,598. This amount is reported in Note 7, in the Notes to the Financial Statements.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Management's Discussion and Analysis

Major Governmental Funds

General Fund - This fund serves as the primary operating fund. Overall this fund has held a consistent fund balance of over \$7 million since June 30, 2001. We believe this demonstrates the financial stability of the Sheriff. During fiscal year 2008, the fund balance of the general fund increased by \$993,593.

We consider our fund balance to be adequate, as it represents the equivalent of 21% of our total expenses.

Jail Sales Tax Special Revenue Fund - The Sheriff maintains this fund to account for the ¼ cent sales tax passed in April of 1998 to expand current jail facilities and to support the ongoing operation and maintenance of those facilities. Overall, jail fund revenues increased by 1% whereas expenses increased by 5%. This fund had a decrease in fund balance of \$1,193,102, primarily due to debt service.

Capital Assets

The investment in capital assets, net of accumulated depreciation as of June 30, 2008, was \$14,507,193. There was a net increase in capital assets of \$3,169,109 from the prior fiscal year.

Long-Term Debt

Long-term debt was reduced by \$1,955,000 in debt payments.

BUDGETARY HIGHLIGHTS

On June 26, 2008, the Sheriff amended the original budget for fiscal year 2008. The amendment was caused by the following changes in revenues and expenses:

- The Sheriff realized an 11% increase in revenues compared to budget, specifically tied to property taxes and sales taxes.
- The Sheriff realized a 4% increase in expenditures caused by personnel expenditures.

The special revenue fund budget was amended as well. This fund experienced slight increases in revenues and expenditures over the original amounts.

NEXT YEAR'S BUDGET

On August 29, 2005, St. Tammany Parish was severely impacted by Hurricane Katrina. A facility owned by the Sheriff located in eastern St. Tammany Parish sustained significant damage. Another facility owned by the St. Tammany Parish Council that housed a number of his staff was also damaged. Given the damage to these facilities, the Sheriff anticipated the need for a new facility in eastern St. Tammany Parish. Construction on this complex is expected to be completed in 2009.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Management's Discussion and Analysis

CONTACTING THE SHERIFF'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the St. Tammany Parish Sheriff's Office finances. It is also used to demonstrate the Sheriff's accountability for the funds it receives. If you have any questions regarding this report or need additional financial information, please contact the Director of Finance, St. Tammany Parish Sheriff's Office, P.O. Box 1229, Slidell, LA 70459-1229.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Statement of Net Assets
June 30, 2008

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 14,141,888
Investments	568,226
Receivables	5,647,413
Inventories	11,184
Capital Assets, Net of Accumulated Depreciation	<u>14,507,193</u>
Total Assets	<u>34,875,904</u>
Liabilities	
Accounts Payable	3,057,362
Accrued Liabilities	1,218,564
Unearned Revenue	11,626
Compensated Absences	923,975
Accrued Interest	645,492
Community Disaster Loan Payable - Due in More Than One Year	9,934,128
Certificates of Indebtedness Payable	
Due Within One Year	640,000
Due in More Than One Year	<u>675,000</u>
Total Liabilities	<u>17,106,147</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	13,192,193
Unrestricted	<u>4,577,564</u>
Total Net Assets	<u>\$ 17,769,757</u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2008

Activities	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets Governmental Activities
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities					
Public Safety	\$ 55,464,891	\$ 12,648,663	\$ 5,437,086	\$ 212,952	\$ (37,166,190)
Interest on Long-Term Debt	350,894	-	-	-	(350,894)
Total Governmental Activities	\$ 55,815,785	\$ 12,648,663	\$ 5,437,086	\$ 212,952	(37,517,084)
General Revenues					
Taxes					
Property Taxes, Levied for General Purposes					12,919,780
Sales and Use Taxes, Levied for General Purposes					20,966,399
State Revenue Sharing					427,239
Interest and Investment Earnings					704,827
Gain on Sale of Capital Assets					182,452
Other Revenues					1,222,284
Total General Revenues					36,422,981
Change in Net Assets					(1,094,103)
Net Assets, Beginning of Year					18,863,860
Net Assets, End of Year					\$ 17,769,757

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Major Fund Descriptions
Governmental Funds
June 30, 2008

General Fund

The general fund accounts for resources traditionally associated with governments, which are not required to be accounted for in another fund.

Jail Special Revenue Fund

The jail special revenue fund accounts for the proceeds of a ¼ cent sales tax approved on January 17, 1998, for the expansion of the existing jail and to fund ongoing operations of the jail. The fund also transfers monies to the St. Tammany Parish Council (the Parish Council) for debt service on bonds issued by the Parish Council for construction of the jail.

Capital Projects Fund

The capital projects fund accounts for the construction of a new facility in eastern St. Tammany Parish, as well as construction and improvements to substations throughout the Parish.

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2008

	General Fund	Jail Special Revenue Fund	Capital Projects Fund	Total Non-Major Governmental Funds	Total Governmental Funds
Assets					
Cash	\$ 5,844,079	\$ 697,712	\$ 5,192,056	\$ 851,533	\$ 12,585,380
Investments	568,226	-	-	-	568,226
Receivables	3,254,278	2,393,135	-	-	5,647,413
Due from Other Funds	302,163	-	-	4,000	306,163
Inventory	11,184	-	-	-	11,184
Total Assets	\$ 9,979,930	\$ 3,090,847	\$ 5,192,056	\$ 855,533	\$ 19,118,366
Liabilities					
Accounts Payable	\$ 1,078,257	\$ 379,361	\$ 955,092	\$ 67,010	\$ 2,479,720
Accrued Salaries	882,657	332,845	-	3,062	1,218,564
Due to Other Funds	97,751	208,412	-	-	306,163
Deferred Revenue	11,626	-	-	-	11,626
Total Liabilities	2,070,291	920,618	955,092	70,072	4,016,073
Fund Balances					
Unreserved - Undesignated	870,447	(587,524)	-	637,094	920,017
Reserved for Construction	-	-	4,236,964	-	4,236,964
Reserved for Payment of Community Disaster Loan	7,028,008	2,757,753	-	148,367	9,934,128
Reserved for Inventory	11,184	-	-	-	11,184
Total Fund Balances	7,909,639	2,170,229	4,236,964	785,461	15,102,293
Total Liabilities and Fund Balances	\$ 9,979,930	\$ 3,090,847	\$ 5,192,056	\$ 855,533	

Amounts reported for Governmental Activities in the Statement of Net

Assets are different because:

Capital assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.	14,507,193
Internal Service Funds are used by management to charge liability claims and related expenses to individual funds and are included in Governmental Activities in the Statement of Net Assets.	978,864
Compensated Absences	(923,975)
Accrued Interest	(645,490)
Loans and Certificates of Indebtedness are not due and payable in the current period and, therefore, are not reported in the funds.	(11,249,128)
Net Assets of Governmental Activities	\$ 17,769,757

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	Jail Special Revenue Fund	Capital Projects Fund	Total Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Ad Valorem Taxes	\$ 12,919,780	\$ -	\$ -	\$ -	\$ 12,919,780
Sales Taxes	10,482,688	10,483,711	-	-	20,966,399
Intergovernmental Revenues					
Federal Grants	585,150	108,022	-	-	673,172
State Grants	112,754	-	-	-	112,754
State Revenue Sharing	427,239	-	-	-	427,239
State Supplemental Pay	1,489,904	224,469	-	-	1,714,373
St. Tammany Parish Government	-	375,000	-	-	375,000
Other Intergovernmental Revenues	554,423	-	-	-	554,423
Fees, Charges and Commissions for Services					
Commissions					
Sales Tax	2,388,431	-	-	-	2,388,431
Other	1,296,373	723,241	-	-	2,019,614
Civil Fees	2,145,444	-	-	-	2,145,444
Criminal Fees	1,196,390	-	-	269,973	1,466,363
Court Attendance	53,754	-	-	-	53,754
Intergovernmental Reimbursements	1,344,380	2,850,718	-	-	4,195,098
Tax Research and Other Services	379,959	-	-	-	379,959
Salary Reimbursements	2,140,035	80,281	-	-	2,220,316
Interest Earnings	703,020	-	-	1,807	704,827
Other Revenues	522,191	40,300	-	659,793	1,222,284
Total Revenues	38,721,915	14,885,742	-	931,573	54,539,230
Expenditures					
Public Safety					
Personnel Services	19,699,212	7,727,804	-	40,996	27,467,812
Payroll Benefits	6,429,599	2,129,143	-	10,891	8,569,633
Operating Expenditures	4,406,752	3,743,780	-	-	8,150,532
Professional Fees	1,425,585	240,263	376,742	4,524	2,047,114
Materials and Supplies	905,193	382,264	-	473,317	1,760,774
Travel and Education	302,023	65,061	-	-	367,084
Insurance	1,245,055	243,153	-	-	1,488,208
Debt Service					
Transfer to St. Tammany Parish Council	-	1,471,933	-	-	1,471,933
Principal	1,955,000	-	-	-	1,955,000
Interest	87,634	-	-	-	87,634
Capital Outlays	654,721	75,643	6,084,239	62,867	6,877,470
Total Expenditures	37,110,774	16,078,844	6,460,981	592,595	60,243,194
Excess of Revenues Over (Under) Expenditures	1,611,141	(1,193,102)	(6,460,981)	338,978	(5,703,964)

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Statement of Revenues, Expenditures
and Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended June 30, 2008

	General Fund	Jail Special Revenue Fund	Capital Projects Fund	Total Non-Major Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)					
Operating Transfers	(904,315)	-	800,000	104,315	-
Sale of Capital Assets	182,452	-	-	-	182,452
Total Other Financing Sources (Uses)	(721,863)	-	800,000	104,315	182,452
Net Change in Fund Balances	889,278	(1,193,102)	(5,660,981)	443,293	(5,521,512)
Fund Balances, Beginning of Year	7,020,361	3,363,331	9,897,945	342,168	20,623,805
Fund Balances, End of Year	\$ 7,909,639	\$ 2,170,229	\$ 4,236,964	\$ 785,461	\$ 15,102,293

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balance
of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2008

Amounts reported for governmental activities in the Statement of Activities are
different because:

Change in Fund Balances - Total Governmental Funds	\$ (5,521,512)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation.	3,169,109
The issuance of long-term debt (e.g., certificates of indebtedness, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,955,000
The change in compensated absences reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(98,440)
The change in accrued interest reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(263,260)
Internal service funds are used to charge the costs of liability insurance to individual funds. This amount is the total change in net assets in the internal service fund.	<u>(335,000)</u>
Change in Net Assets	<u>\$ (1,094,103)</u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS
PROPRIETARY FUND

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Fund Description
Proprietary Fund
June 30, 2008

Risk Management

The Sheriff's proprietary fund accounts for the payment of liability claims and related expenses on a recovery basis.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Statement of Net Assets
Proprietary Fund - Internal Service Fund
June 30, 2008**

Current Assets	
Cash and Cash Equivalents	<u>\$ 1,556,508</u>
Total Current Assets	<u>1,556,508</u>
Current Liabilities	
Claims Payable	<u>577,644</u>
Total Current Liabilities	<u>577,644</u>
Net Assets	
Unrestricted	<u><u>\$ 978,864</u></u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Statement of Revenues, Expenses and
Change in Net Assets
Proprietary Fund - Internal Service Fund
For the Year Ended June 30, 2008

Operating Revenues	
Fund Premiums	<u>\$ 728,009</u>
Total Operating Revenues	728,009
Operating Expenses	
Claims and Legal Fees	<u>1,106,507</u>
Total Operating Expenditures	<u>1,106,507</u>
Operating Income (Loss)	(378,498)
Interest Earned	<u>43,498</u>
Change in Net Assets	(335,000)
Net Assets, Beginning of Year	<u>1,313,864</u>
Net Assets, End of Year	<u><u>\$ 978,864</u></u>

The accompanying notes are an integral part of these financial statements.

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Statement of Cash Flows
Proprietary Fund - Internal Service Fund
For the Year Ended June 30, 2008

Cash Flows from Operating Activities	
Fund Premiums	\$ 728,009
Claims and Legal Fees	<u>(656,158)</u>
Net Cash Provided by Operating Activities	<u>71,851</u>
Cash Flows from Investment Activities	
Interest Earned	<u>43,498</u>
Net Increase in Cash and Cash Equivalent	115,349
Cash and Cash Equivalent, Beginning of Year	<u>1,441,159</u>
Cash and Cash Equivalent, End of Year	<u><u>\$ 1,556,508</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income (Loss)	\$ (378,498)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Change in Claims Payable	<u>450,349</u>
Net Cash Provided by Operating Activities	<u><u>\$ 71,851</u></u>

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS
FIDUCIARY FUND

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Statement of Net Assets
Fiduciary Fund
June 30, 2008

	Agency Funds
Assets	
Cash and Interest-Bearing Deposits	<u>\$ 27,730,501</u>
Total Assets	<u><u>\$ 27,730,501</u></u>
Liabilities	
Due to Taxing Bodies, Prisoners and Others	<u>\$ 27,730,501</u>
Total Liabilities	<u><u>\$ 27,730,501</u></u>

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

As provided by Article V, Section 27 of the Louisiana Constitution of 1974, the St. Tammany Parish Sheriff (the Sheriff) serves a four-year term as the Chief Executive Officer of the law enforcement district and Ex-Officio Tax Collector of St. Tammany Parish (the Parish). The Sheriff administers the Parish jail system and exercises duties required by the Parish court system, such as providing bailiffs, executing orders of the court, serving subpoenas, et cetera.

As the chief law enforcement officer of the Parish, the Sheriff has the responsibility for enforcing state and local laws and ordinances within the territorial boundaries of the Parish. The Sheriff provides protection to the residents of the Parish through on-site patrols, investigations and other law enforcement activities. In addition, the Sheriff, when requested, provides assistance to other law enforcement agencies within the Parish, state or federal government.

As the Ex-Officio Tax Collector of the Parish, the Sheriff is responsible for collecting and distributing ad valorem property taxes, parish occupational licenses, state revenue sharing funds, fines and costs and bond forfeitures imposed by the district court. The Sheriff is also contracted to be the sole tax collector for the collection and distribution of sales taxes throughout the Parish.

Reporting Entity

For financial reporting purposes, the Sheriff includes all funds that are controlled by the Sheriff as an independently elected parish official. As an independently elected official, the Sheriff is solely responsible for the operations of his office. Other than certain operating expenditures of the Sheriff's office that are paid or provided by the St. Tammany Parish Council (the Parish Council) as required by Louisiana law, the Sheriff is financially independent. Accordingly, the Sheriff is a separate governmental reporting entity. Certain units of local government, over which the Sheriff exercises no oversight responsibility, such as the Parish Council, Parish School Board, other independently elected parish officials, and municipalities within the Parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from that of the St. Tammany Parish Sheriff.

Basis of Presentation

The accompanying basic financial statements of the St. Tammany Parish Sheriff have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the non-fiduciary activities of the Sheriff. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Fund Financial Statements

The Sheriff uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Sheriff functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the Sheriff are classified into three categories: governmental, proprietary and fiduciary. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Sheriff, or its total assets, liabilities, revenues or expenditures of the individual governmental fund is at least ten percent of the corresponding total for all governmental funds.

The Sheriff reports the following major governmental funds:

- The general fund is the primary operating fund of the Sheriff. It accounts for all the financial resources except those that are required to be accounted for in other funds.
- The jail special revenue fund accounts for the proceeds of a ¼ cent sales proposed by the Parish Council and approved on January 17, 1998. The tax is dedicated and used solely for the purpose of constructing, improving, operating and maintaining jail facilities for the Sheriff to incarcerate prisoners; including acquisition of land, equipment and furnishings. The fund also transfers monies to the Parish Council for debt service on bonds issued by the Parish Council for construction of an addition to the jail.
- The capital project fund accounts for the construction of a new facility in eastern St. Tammany Parish, as well as construction and improvements to substations throughout the Parish.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Financial Statements (Continued)

- The internal service fund of the Sheriff is a proprietary fund used to account for the payment of liability claims and related expenses. Resources to fund the self-insurance plan are recorded as revenues. The cost of claims is recorded as an expense in the internal service fund when the claims arise. Accrued liabilities include provisions for claims reported but not yet paid as of the fiscal year-end.
- Fiduciary fund reporting focuses on net assets and the changes in net assets. The only funds accounted for in this category by the Sheriff are agency funds. The agency funds account for assets held by the Sheriff as an agent for various taxing bodies (tax collections) and for deposits held pending court action. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, the agency funds have no measurement focus, but use the accrual basis of accounting.

Measurement Focus/Basis of Accounting

The amounts reflected in the governmental fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Sheriff considers all revenues available if they are collected within 60 days after the fiscal year-end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt, which are recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, change in net assets and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Budget Practices

The proposed 2007-2008 budgets for the general fund and special revenue funds were made available for public inspection at the Sheriff's office on June 14, 2007. A public hearing was held at the Sheriff's office for suggestions and comments from the general public on June 15, 2007. The Sheriff legally adopted the proposed budget on the date of the public hearing. All appropriations lapse at year-end. The budget, which includes proposed expenditures and the means of financing them, was published in the official journal prior to the public hearing.

The general fund and special revenue fund budgets are prepared on a basis of accounting consistent with generally accepted accounting principles for governmental funds. Formal budget integration (within the accounting records) is used during the year as a management control device. The budget was amended on June 26, 2008, and was subsequently published in the official journal.

Cash and Investments

Cash includes amounts in demand deposits and interest-bearing demand deposits. Under state law, the Sheriff may deposit funds in demand deposits, interest-bearing demand deposits or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Deposits must be made in a bank domiciled or having branch offices in the parish where the funds are collected.

Investments are limited by Louisiana Revised Statute 33:2955 and the Sheriff's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At June 30, 2008, the Sheriff's investments consisted of U.S. government agency bonds, which are reported at fair value based on published market prices in accordance with GASB Statement No. 31.

Inventories

Lab supply inventories are valued at cost, which approximates market. Cost is determined using the specific identification method. This is not considered to be a material departure from generally accepted accounting principles.

Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Sheriff maintains a threshold level of \$2,500 or more for capitalizing assets.

Capital assets are recorded as expenditures in the governmental funds, and are recorded as assets in the government-wide Statement of Net Assets. All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets (Continued)

Asset Class	Estimated Useful Lives
Computers	3 - 5 Years
Office, Equipment and Furniture	5 Years
Vehicles	3 - 5 Years
Radio System	10 Years
Buildings and Improvements	30 Years

Compensated Absences

Employees of the Sheriff earn from 10 to 20 days of vacation leave and 10 to 15 days of sick leave each year, depending on the length of their service. Vacation leave cannot be accumulated and should be used during the year it is earned. An employee may receive an extension of time to use vacation hours by applying to his department head. Sick leave can be accumulated up to a maximum of 480 hours. Upon termination, sick leave lapses. At June 30, 2008, the Statement of Net Assets includes a liability for compensated absences totaling \$923,975.

Interfund Transactions

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or between proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets.
2. Restricted net assets - Net assets with constraints placed on the use either by:
 - a. external groups such as creditors, grantors, contributors or laws or regulations of other governments, or
 - b. law through constitutional provisions or enabling legislation
3. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Levied Taxes

Property taxes for the Sheriff are levied each November 1st on the assessed value listed, as of the prior January 1st for generally all real property, business merchandise and business movable property located in the Parish. Taxes are due and payable by December 31st. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. An evaluation of all property is required to be completed no less than every four years. The last evaluation was completed for the 2004 tax roll.

The following is a summary of authorized and levied ad valorem taxes for the year:

	Millage	Expiration Date
1998 Law Enforcement District	4.05	2018
Constitutional Law Enforcement District	8.05	N/A

The 1998 millage was adopted for the purpose of general law enforcement support.

Note 3. Cash and Cash Equivalents

At June 30, 2008, the Sheriff has \$41,872,389 (book balance) in interest-bearing demand deposits as follows:

	Government-Wide Statement of Net Assets	Fiduciary Funds Statement of Net Assets	Total
Interest Bearing Deposits	\$ 14,141,888	\$ 27,730,501	\$ 41,872,389

These deposits are stated at cost, which approximates market.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Notes to Financial Statements

Note 3. Cash and Cash Equivalents (Continued)

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Sheriff's deposits may not be returned. The Sheriff does not have a deposit policy for custodial credit risk. As of June 30, 2008, \$46,792,153 of the Sheriff's bank balance of \$46,992,153 was exposed to custodial credit risk. However, these deposits are secured from risk by the pledge of securities owned by the fiscal agent bank. These securities are being held in the name of the pledging fiscal agent bank in a custodial bank that is mutually acceptable to the Sheriff and the fiscal agent bank.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities, plus the federal deposit insurance, must at all times equal the amount on deposit with the fiscal agent. The custodial bank must advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

Note 4. Investments

At June 30, 2008, the Sheriff has investments of \$568,226 in various securities.

Credit Risk

Investment	Composite Rating	Percentage
Freddie Mac Step-UP Notes	AAA	99.02%
Other	Varies	0.98%

The Sheriff does not have a formal investment policy regarding investment credit risk.

Concentration of Credit Risk

The Sheriff has no formal limit on the amount the Sheriff may invest in any one issuer. Federal Home Loan Mortgage Corporation Step-Up Notes make up 99% of the Sheriff's investments.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Notes to Financial Statements

Note 4. Investments (Continued)

Interest Rate Risk

Investment	Maturity	Fair Value
Freddie Mac Step-Up Notes	2/20/2015	\$ 313,056
Freddie Mac Step-Up Notes	7/15/2018	249,600
Other	None	<u>5,570</u>
Total		<u>\$ 568,226</u>

The Sheriff does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Note 5. Receivables

The receivables at June 30, 2008, are as follows:

	General Fund	Jail Special Revenue Fund	Governmental Activities Total
Sales Taxes	\$ 1,755,093	\$ 1,755,093	\$ 3,510,186
Ad Valorem Taxes	282,158	-	282,158
Salary Reimbursements	274,154	39,695	313,849
Federal Funds	28,309	-	28,309
Fees, Charges and Commissions for Services	293,730	52,018	345,748
Intergovernmental Reimbursements	180,648	474,807	655,455
Other	<u>440,186</u>	<u>71,522</u>	<u>511,708</u>
Total	<u>\$ 3,254,278</u>	<u>\$ 2,393,135</u>	<u>\$ 5,647,413</u>

All receivables are considered to be fully collectible at June 30, 2008.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Notes to Financial Statements

Note 6. Interfund Transactions

Individual balances due from/to other funds at June 30, 2008, are as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 302,163	\$ 97,751
Jail Special Revenue Fund	-	208,412
Crime Lab Special Revenue Fund	4,000	-
Total	\$ 306,163	\$ 306,163

Transfers between funds for the year ended June 30, 2008, are as follows:

	Transfers In	Transfers Out
General Fund	\$ -	\$ 904,315
Crime Lab Special Revenue Fund	104,315	
Capital Projects Fund	800,000	-
Total	\$ 904,315	\$ 904,315

Interfund transfers and due to/from balances are used to fund the operating expenses of various funds.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Notes to Financial Statements

Note 7. Capital Assets

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 2,530,000	\$ -	\$ -	\$ 2,530,000
Construction in Progress	821,555	5,771,660	-	6,593,215
Total Capital Assets, Not Being Depreciated	3,351,555	5,771,660	-	9,123,215
Capital Assets, Being Depreciated				
Buildings	1,882,872	-	-	1,882,872
Radio System	8,665,343	166,495	-	8,831,838
Vehicles, Computers, Equipment and Furniture	19,534,743	635,552	(2,516,998)	17,653,297
Total Capital Assets, Being Depreciated	30,082,958	802,047	(2,516,998)	28,368,007
Less Accumulated Depreciation for				
Buildings	(581,611)	(58,877)	-	(640,488)
Radio System	(5,995,274)	(306,637)	-	(6,301,911)
Vehicles, Computers, Equipment and Furniture	(15,519,544)	(3,039,084)	2,516,998	(16,041,630)
Total Accumulated Depreciation	(22,096,429)	(3,404,598)	2,516,998	(22,984,029)
Total Capital Assets Being Depreciated, Net	7,986,529	(2,602,551)	-	5,383,978
Governmental Activities - Capital Assets, Net	\$ 11,338,084	\$ 3,169,109	\$ -	\$ 14,507,193

Depreciation expense of \$3,404,598 was charged to governmental activities for the year ended June 30, 2008.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Notes to Financial Statements

Note 8. Leases

Operating Leases

The Sheriff is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the Sheriff's statement of net assets. Lease payments of \$111,584 were made during the year ended June 30, 2008. The following is a schedule of future minimum lease payments at June 30th:

2009	\$ 98,100
2010	98,100
2011	<u>93,000</u>
Total Future Minimum Lease Payments	<u>\$ 289,200</u>

Note 9. Change in Long-Term Debt

The following is a summary of long-term debt of the Sheriff for the year ended June 30, 2008:

	Certificates of Indebtedness	Community Disaster Loan	Total
Notes and Certificates Payable at July 1, 2007	\$ 3,270,000	\$ 9,934,128	\$ 13,204,128
Issued	-	-	-
Retired	<u>(1,955,000)</u>	<u>-</u>	<u>(1,955,000)</u>
Notes and Certificates Payable at June 30, 2008	<u>\$ 1,315,000</u>	<u>\$ 9,934,128</u>	<u>\$ 11,249,128</u>

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Notes to Financial Statements

Note 10. Long-Term Debt

At June 30, 2008, the Sheriff is obligated under the following agreements:

Certificate of Indebtedness payable to a bank dated March 29, 2001, with a \$200,000 participation by the Louisiana Public Facilities Authority, principal payable in nine annual installments with interest at a rate of 3.45%, secured by excess revenue of the Sheriff.	\$ 1,315,000
Community Disaster Loan payable to the Federal Emergency Management Agency, with interest payable at 2.69%, Maturing on December 12, 2010.	<u>9,934,128</u>
Total	<u>\$ 11,249,128</u>

Total future principal and interest payments under the certificates of indebtedness are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 640,000	\$ 34,328	\$ 674,328
2010	<u>675,000</u>	<u>11,644</u>	<u>686,644</u>
Total	<u>\$ 1,315,000</u>	<u>\$ 45,972</u>	<u>\$ 1,360,972</u>

Future principal and interest payments for the Community Disaster loan are uncertain and cannot be presented.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Notes to Financial Statements

Note 11. Changes in Agency Fund Balances

A summary of changes in balances due to taxing bodies, prisoners and others follows:

	Sheriff's Fund	Tax Collector Fund	Jail Agency and Work Release Fund	Fines and Cost Fund	Total
Balance at July 1, 2007	\$ 2,289,803	\$ 17,992,376	\$ 1,009,719	\$ 757,950	\$ 22,049,848
Additions	16,502,928	405,960,471	4,839,676	6,199,462	433,502,537
Deductions	(15,516,330)	(400,995,094)	(5,069,893)	(6,240,567)	(427,821,884)
Balance at June 30, 2008	\$ 3,276,401	\$ 22,957,753	\$ 779,502	\$ 716,845	\$ 27,730,501

Note 12. Expenditures of the Sheriff's Office Paid by the Parish Council

The Sheriff's office occupies various facilities owned by the Parish. The cost of maintaining and operating these facilities, as required by Louisiana Revised Statute 33:4715, is paid by the Parish Council.

Note 13. Pension Plan

Substantially all employees of the St. Tammany Parish Sheriff are members of the state individual retirement system known as the Sheriffs' Pension and Relief Fund (the System), a multiple-employer, cost sharing, public employee retirement system, administered and controlled by a separate board of trustees.

Plan Description

All sheriffs and deputies who are found to be physically fit, who earn at least \$800 after January 1, 2000, and who were between the ages of 18 and 50 at time of original employment are required to participate in the System. Employees are eligible to retire at or after age 55 with at least 12 years of credited service and receive a benefit, payable monthly for life, equal to a percentage of their final-average salary for each year of credited service. The percentage factor to be used for each year of service is 3.33 percent. In any case, the retirement benefit cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and who do not withdraw their employee contributions may retire at or after age 55 and receive benefits accrued to their date of termination as indicated previously. Employees who terminate with at least 20 years of credited service are also eligible to elect early benefits between ages 50 and 55 with reduced benefits equal to the actuarial equivalent of the benefit to which they would otherwise be entitled at age 55. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the Sheriff's Pension and Relief Fund, P.O. Box 3163, Monroe, Louisiana, 71210-3163, or by calling (318) 362-3198.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Notes to Financial Statements

Note 13. Pension Plan (Continued)

Funding Policy

System members are required by state statute to contribute 10.00 percent of their annual covered salary and the Sheriff is required to contribute at an actuarially determined rate. The current rate is 11.00 percent of annual covered payroll. The contribution requirements of System members and the Sheriff are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Sheriff's contributions to the System for the years ending June 30, 2008, 2007 and 2006, were \$2,942,333, \$2,504,610 and \$2,242,799, respectively, equal to the required contributions for each year.

Note 14. Deferred Compensation Plan

Certain employees of the Sheriff participate in the Louisiana Public Employees Deferred Compensation Plan (the Plan) adopted under the provisions of the Internal Revenue Code Section 457. Complete disclosures relating to the Plan are included in the separately issued audit report for the Plan, available from the Louisiana Legislative Auditor, Post Office Box 94397, Baton Rouge, Louisiana 70804-9397.

Note 15. Post-Retirement Benefits

The St. Tammany Parish Sheriff provides certain continuing healthcare benefits for retired employees. Substantially all of the Sheriff's employees become eligible for these benefits if they reach normal retirement age while working for the Sheriff's office. These benefits for retirees and similar benefits for active employees are provided through the Sheriff's general fund. The Sheriff recognizes the cost of providing these benefits as an expenditure when the monthly premiums are due. For the year ended June 30, 2008, the Sheriff expended \$3,356,833 for healthcare and life insurance benefits. Included in this total is \$488,237 of healthcare benefits paid for retirees. There are 114 retirees and 661 active employees as of June 30, 2008.

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions*, becomes effective during fiscal year 2009. This statement addresses how state and local governments should account for and report costs and obligations related to post retirement benefits. Management has not evaluated the effect of adopting this statement.

Note 16. Litigation and Claims

At June 30, 2008, the Sheriff is involved in a number of lawsuits. In the opinion of the Sheriff's legal counsels, the resolution of these lawsuits would not create a liability to the Sheriff in excess of insurance coverage.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Notes to Financial Statements

Note 17. Self-Insurance

The Sheriff is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Sheriff has contracted with various insurers to cover his risk of loss on assets, which he owns, with the exception of motor vehicles for which he retains the risk of loss. The Sheriff has retained a portion of his risks as to general and police professional liability for which he has established an internal service fund to account for and finance his portion of these risks.

Liability Risk Management

The Sheriff has established a self-insurance fund for its deductible for general liability, police professional liability, practice liability and automobile liability. The Sheriff participates in insurance contracts for the coverage of general liability, police professional liability, practice liability and automobile liability and buildings and contents. Limit of coverage is \$3,000,000. The Sheriff self-insures the deductible of \$750,000 per incident for general liability, police professional liability, practice liability and the deductible of \$200,000 for automobile liability. The Sheriff covers each occurrence up to a maximum of \$1,500,000 aggregate per claim year for all liability insurances. The cost of claims is recorded as an expense in the internal service fund when the claims arise. Resources to fund the plan are recorded as revenues. Settlements have not exceeded coverages for each of the past three fiscal years. Insurance coverages have not significantly changed from prior year. Claim liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Claim liabilities include an amount for claims that have been incurred but not paid as of June 30, 2008. These liabilities are recorded at their present value of \$577,644.

Changes in the balances of claim liabilities during fiscal years 2008, 2007 and 2006, are as follows:

	2008	2007	2006
Beginning of Year Liability	\$ 127,295	\$ 109,254	\$ 61,256
Claims and Legal Fees	728,009	591,600	441,916
Payments	(277,660)	(573,559)	(393,918)
Balance at Fiscal Year End	\$ 577,644	\$ 127,295	\$ 109,254

Note 18. Taxes Paid Under Protest

The unsettled balances due to taxing bodies and others at June 30, 2008, include taxes paid under protest, plus interest earned to date on the investment of these funds, totaling \$1,606,290.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA**

Notes to Financial Statements

Note 19. Intergovernmental Agreement

On April 6, 2004, the Parish Council and the Sheriff entered into an intergovernmental agreement whereby the Sheriff has assumed responsibility for operation, maintenance, administrative, medical and feeding and keeping of prisoner expenditures of the jail. This agreement was extended for the period of May 1, 2004, and ending on December 31, 2008. For the year ended June 30, 2008, the Parish paid the Sheriff \$375,000.

Note 20. Excess of Expenditures Over Budget

During the year ended June 30, 2008, the general fund had expenditures of \$37,110,774, which exceeded budgeted expenditures of \$36,030,321, resulting in an unfavorable variance of \$1,080,453. Also, the jail special revenue fund had expenditures of \$16,078,844, which exceeded budgeted expenditures of \$15,861,854, resulting in an unfavorable variance of \$216,990.

Note 21. Construction Commitment

The Sheriff has one active construction project as of June 30, 2008. The project is for the construction of a new administrative complex and is expected to be completed in 2009. At year end, the Sheriff's commitments with regard to this contract is as follows:

Project	Spent-to-Date	Remaining Commitment
Administration Building	\$ 6,054,432	\$ 3,999,437

REQUIRED SUPPLEMENTAL INFORMATION (PART II)

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2008

	Budget		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues				
Ad Valorem Taxes	\$ 11,572,874	\$ 12,450,533	\$ 12,919,780	\$ 469,247
Sales Taxes	9,807,226	10,515,597	10,482,688	(32,909)
Intergovernmental Revenues				
Federal Grants	229,803	607,218	565,150	(42,068)
State Revenue Sharing	400,000	427,239	427,239	-
State Grants	17,618	-	112,754	112,754
State Supplemental Pay	1,072,788	1,619,831	1,489,904	(129,927)
Fees, Charges and Commissions for Services				
Commissions				
Sales Tax	2,800,000	2,414,449	2,388,431	(26,018)
Other	626,000	571,063	1,296,373	725,310
Civil Fees	1,300,000	1,966,573	2,145,444	178,871
Criminal Fees	1,209,000	1,180,485	1,196,390	15,905
Court Attendance	50,000	54,631	53,754	(877)
Intergovernmental Reimbursements	1,290,000	1,346,960	1,344,380	(2,580)
Tax Research and Other Services	340,000	519,957	379,959	(139,998)
Salary Reimbursements	2,095,759	2,140,982	2,140,035	(947)
Interest Earnings	1,280,000	729,591	703,020	(26,571)
Other Revenues	787,500	1,836,955	1,076,614	(760,341)
Total Revenues	34,878,568	38,382,064	38,721,915	339,851
Expenditures				
Public Safety				
Personnel Services	19,987,175	19,581,766	19,699,212	(117,446)
Payroll Benefits	5,703,236	6,289,134	6,429,599	(140,465)
Operating Expenditures	4,277,942	4,247,940	4,406,752	(158,812)
Professional Fees	1,590,401	1,432,776	1,425,585	7,191
Materials and Supplies	1,227,550	946,122	905,193	40,929
Travel and Education	292,300	301,849	302,023	(374)
Insurance	958,500	550,000	1,245,055	(695,055)
Debt Service				
Principal	1,270,119	1,965,874	1,955,000	10,874
Interest	87,634	87,634	87,634	-
Capital Outlays	427,500	627,426	654,721	(27,295)
Total Expenditures	35,822,357	36,030,321	37,110,774	(1,080,453)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(943,789)	2,351,743	1,611,141	(740,602)
Other Financing Sources				
Operating Transfers Out	-	(1,830,433)	(904,315)	926,118
Sale of Assets	100,000	182,452	182,452	-
Total Other Financing Sources	100,000	(1,647,981)	(721,863)	926,118
Change in Fund Balance	\$ (843,789)	\$ 703,762	889,278	\$ 185,516
Fund Balance, Beginning of Year			7,020,361	
Fund Balance, End of Year			\$ 7,909,639	

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Jail Special Revenue Fund
For the Year Ended June 30, 2008**

	Budget			Variance With Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Sales Taxes	\$ 9,807,226	\$ 10,516,960	\$ 10,483,711	\$ (33,249)
Intergovernmental Revenues				
Federal Grants	-	-	108,022	108,022
State Supplemental Pay	226,797	244,895	224,469	(20,426)
St. Tammany Parish Government	312,500	375,000	375,000	-
Fees, Charges and Commissions for Services	150,000	690,761	164,834	(525,927)
Intergovernmental Reimbursements	2,674,517	2,631,645	2,850,718	219,073
Other Fees and Charges	520,000	65,793	558,407	492,614
Other Revenues	111,000	185,524	40,300	(145,224)
Salary Reimbursements	60,000	120,600	80,281	(40,319)
Total Revenues	13,862,040	14,831,178	14,885,742	54,564
Expenditures				
Public Safety				
Personnel Services	7,214,190	7,612,168	7,727,604	(115,436)
Payroll Benefits	1,738,385	2,118,482	2,129,143	(10,661)
Operating Expenditures	4,361,585	4,567,101	4,674,521	(107,420)
Debt Service				
Transfer to St. Tammany Parish Council	1,467,049	1,467,049	1,471,933	(4,884)
Capital Outlays	61,000	97,054	75,643	21,411
Total Expenditures	14,842,209	15,861,854	16,078,844	(216,990)
Change in Fund Balances	\$ (980,169)	\$ (1,030,676)	(1,193,102)	\$ (162,426)
Fund Balance, Beginning of Year			3,363,331	
Fund Balance, End of Year			\$ 2,170,229	

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
NON-MAJOR GOVERNMENTAL FUNDS**

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Fund Descriptions
Non-Major Governmental Funds
June 30, 2008

Commissary Special Revenue Fund

The commissary special revenue fund accounts for the proceeds of sales of various goods to inmates of the Parish jail. Expenditures of the fund are for purchases of goods and maintenance of the jail.

Crime Lab Special Revenue Fund

The crime lab special revenue fund accounts for the proceeds of criminal fees dedicated to the crime lab. Expenditures of the fund are for the operation of the crime lab.

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2008

	Commissary Special Revenue Fund	Crime Lab Special Revenue Fund	Total Non-Major Governmental Funds
Assets			
Cash	\$ 479,438	\$ 372,095	\$ 851,533
Due from Other Funds	-	4,000	4,000
Total Assets	<u>\$ 479,438</u>	<u>\$ 376,095</u>	<u>\$ 855,533</u>
Liabilities			
Accounts Payable	\$ 67,010	\$ -	\$ 67,010
Accrued Salaries	3,062	-	3,062
Total Liabilities	<u>70,072</u>	<u>-</u>	<u>70,072</u>
Fund Balances			
Unreserved - Undesignated	260,999	376,095	637,094
Reserved for Payment of Community Disaster Loan	148,367	-	148,367
Total Fund Balances	<u>409,366</u>	<u>376,095</u>	<u>785,461</u>
Total Liabilities and Fund Balances	<u>\$ 479,438</u>	<u>\$ 376,095</u>	<u>\$ 855,533</u>

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended June 30, 2008

	Commissary Special Revenue Fund	Crime Lab Special Revenue Fund	Total Non-Major Governmental Funds
Revenues			
Fees, Charges and Commissions for Services			
Criminal Fees	\$ -	\$ 269,973	\$ 269,973
Interest Earnings	-	1,807	1,807
Other Revenues	659,793	-	659,793
Total Revenues	659,793	271,780	931,573
Expenditures			
Public Safety			
Personnel Services	40,996	-	40,996
Payroll Benefits	10,891	-	10,891
Professional Fees	4,524	-	4,524
Materials and Supplies	473,317	-	473,317
Capital Outlays	62,867	-	62,867
Total Expenditures	592,595	-	592,595
Excess of Revenues Over Expenditures	67,198	271,780	338,978
Other Financing Sources			
Operating Transfers	-	104,315	104,315
Total Other Financing Sources	-	104,315	104,315
Net Change in Fund Balances	67,198	376,095	443,293
Fund Balances, Beginning of Year	342,168	-	342,168
Fund Balances, End of Year	\$ 409,366	\$ 376,095	\$ 785,461

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
FIDUCIARY FUND - AGENCY FUNDS**

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Fund Descriptions
Fiduciary Fund - Agency Funds
June 30, 2008

Sheriff's Agency Fund

The Sheriff's agency fund accounts for funds held in connection with civil suits, sheriff's sales and garnishments. It also accounts for the collections of bonds, probation fines and disbursement of these collections, in accordance with applicable law.

Tax Collector Agency Fund

Article V, Section 27 of the Louisiana Constitution of 1974, provides that the Sheriff will serve as the collector of state and Parish taxes and fees. The tax collector agency fund accounts for the collection and distribution of these taxes and fees to the appropriate taxing bodies.

Jail and Work Release Agency Funds

The jail agency and work release agency funds account for individual prisoner account balances. Funds are deposited in the name of the prisoner and payable upon request. Balances in the individual prisoner accounts are returned upon completion of their jail sentence. The jail agency fund also accounts for collections and disbursement of certain fees charged to inmates upon incarceration.

Fines and Cost Agency Funds

The fines and cost agency funds account for the collection and settlement of fines and costs received by the courts in accordance with applicable laws.

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Combining Statement of Net Assets
Fiduciary Fund - Agency Funds
June 30, 2008

	Agency Funds				
	Sheriff's Fund	Tax Collector Fund	Jail and Work Release Fund	Fines and Cost Fund	Total
Assets					
Cash and Interest-Bearing Deposits	\$ 3,276,401	\$ 22,957,753	\$ 779,502	\$ 716,845	\$ 27,730,501
Total Assets	\$ 3,276,401	\$ 22,957,753	\$ 779,502	\$ 716,845	\$ 27,730,501
Liabilities					
Due to Taxing Bodies and Others	\$ 3,276,401	\$ 22,957,753	\$ 779,502	\$ 716,845	\$ 27,730,501
Total Liabilities	\$ 3,276,401	\$ 22,957,753	\$ 779,502	\$ 716,845	\$ 27,730,501

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Combining Schedule of Changes in Balances
Due to Taxing Bodies and Others
Fiduciary Fund - Agency Funds
For the Year Ended June 30, 2008

	Agency Funds				Total
	Sheriff's Fund	Tax Collector Fund	Jail and Work Release Fund	Fines and Cost Fund	
Balances, Beginning of Year	\$ 2,289,803	\$ 17,992,376	\$ 1,009,719	\$ 757,950	\$ 22,049,848
Additions					
Deposits					
Sheriff's Sales	15,006,598	-	-	-	15,006,598
Bonds	1,460,993	-	-	-	1,460,993
Fines and Costs	-	-	-	6,182,412	6,182,412
Other Deposits	-	-	4,757,641	-	4,757,641
Taxes, Fees, etc., Paid to Tax Collector	-	405,318,550	-	-	405,318,550
Interest	35,337	641,921	82,035	17,050	776,343
Total Additions	16,502,928	405,960,471	4,839,676	6,199,462	433,502,537
Subtotal	18,792,731	423,952,847	5,849,395	6,957,412	455,552,385
Reductions					
Taxes, Fees, etc., Distributed to Taxing Bodies and Others	-	400,995,094	-	-	400,995,094
Deposits Settled to:					
Sheriff's General Fund	2,890,819	-	3,236,917	950,115	7,077,851
Clerk of Court	479,763	-	-	402,521	882,284
Litigants and Appraisers	951,351	-	-	-	951,351
Others	881,452	-	63,538	974,518	1,919,508
Advertisements	151,205	-	-	-	151,205
District Attorney	24,649	-	152,638	841,372	1,018,659
Parish Council	-	-	-	1,542,036	1,542,036
Judicial Expense Fund	-	-	196,267	820,187	1,016,454
Indigent Defender Board	-	-	96,954	698,047	795,001
Refunds to Individuals	10,137,091	-	1,323,579	11,771	11,472,441
Total Reductions	15,516,330	400,995,094	5,069,893	6,240,567	427,821,884
Balances, End of Year	\$ 3,276,401	\$ 22,957,753	\$ 779,502	\$ 716,845	\$ 27,730,501



**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Rodney J. Strain, Jr.
St. Tammany Parish Sheriff
St. Tammany Parish, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the St. Tammany Parish Sheriff as of and for the year ended June 30, 2008, which collectively comprise the Sheriff's basic financial statements and have issued our report thereon dated December 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the St. Tammany Parish Sheriff's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Tammany Parish Sheriff's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Tammany Parish Sheriff's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the St. Tammany Parish Sheriff's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the St. Tammany Parish Sheriff's financial statements that is more than inconsequential will not be prevented or detected by the St. Tammany Parish Sheriff's internal control. We consider the deficiency described as item 2008-1 in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the St. Tammany Parish Sheriff's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not consider the significant deficiency described above, to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Tammany Parish Sheriff's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings and Questioned Costs as item 2008-2.

We noted certain matters that we reported to management of the St. Tammany Parish Sheriff in a separate letter dated December 30, 2008.

The St. Tammany Parish Sheriff's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the St. Tammany Parish Sheriff's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the finance committee, management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


A Professional Accounting Corporation

December 30, 2008



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Rodney J. Strain, Jr.
St. Tammany Parish Sheriff
St. Tammany Parish, Louisiana

Compliance

We have audited the compliance of the St. Tammany Parish Sheriff with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The St. Tammany Parish Sheriff's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the St. Tammany Parish Sheriff's management. Our responsibility is to express an opinion on the St. Tammany Parish Sheriff's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the St. Tammany Parish Sheriff's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the St. Tammany Parish Sheriff's compliance with those requirements.

In our opinion the St. Tammany Parish Sheriff complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the St. Tammany Parish Sheriff is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the St. Tammany Parish Sheriff's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the St. Tammany Parish Sheriff's internal control over compliance.

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A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the finance committee, management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


A Professional Accounting Corporation

December 30, 2008

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2008**

Federal Grantor/Pass-Through Grantor Program Title	CFDA Number	Expenditures
United States Department of Justice		
Public Safety and Community Policing		
COPS Technology Grant	16.710	\$ 99,173
Judicial Assistance Grant	16.745	13,991
Equitable Sharing/Assets Forfeited	16.000	120,918
Passed through the St. Tammany Parish Council Grants to		
Encourage Arrest Policies	16.590	101,565
Passed through the Metropolitan Commission on Law Enforcement		
Multi-Jurisdictional Task Force	16.738	53,418
Passed through the Louisiana Commission on Law Enforcement		
Combination Investigation	16.592	<u>1,175</u>
Total United States Department of Justice		390,240
United States Department of Transportation		
Passed through State of Louisiana		
State and Community Highway Safety	20.600	<u>112,754</u>
		112,754
United States Department of Agriculture		
Passed through the Louisiana Department of Education		
School Lunch	10.553	<u>108,022</u>
United States Drug Enforcement Agency		
Overtime Payments	N/A	<u>30,672</u>
Total		<u>\$ 641,688</u>

Notes to the Schedule of Expenditures of Federal Awards

- A. The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.
- B. The following is a reconciliation of total federal grant expenditures to the federal grant revenues reported on the page 16 of the financial statements:

Total Federal Expenditures	\$ 641,688
Revenues Related to Expenditures in Prior Years	152,402
Expenditures for which the Revenues were Received in Previous Years	<u>(120,918)</u>
Total	<u>\$ 673,172</u>

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008**

Summary of Audit Results

Financial Statements

- | | |
|---|-------------|
| 1. Type of auditor's report | Unqualified |
| 2. Compliance and internal control over financial reporting | |
| 1. Material weaknesses identified | None |
| 2. Reportable conditions identified not considered
to be material weaknesses | Yes |
| 3. Noncompliance noted | Yes |

Federal Awards

- | | |
|---|---|
| 3. Internal control over major programs | |
| Material weaknesses identified | None |
| Reportable conditions identified not considered
to be material weaknesses | None |
| 4. Type of auditor's report issued on compliance for major program | Unqualified |
| 5. Audit findings disclosed that are required in accordance
with OMB A-133, Section 510a | None |
| 6. Identification of major programs | |
| 16.000 | Equitable Sharing/Assets Forfeitures |
| 16.710 | Public Safety Partnership and Community Policing Grants |
| 20.600 | State and Community Highway Safety |
| 7. Dollar threshold used to distinguish between Type A and B programs | \$300,000 |
| 8. Auditee qualified as a low-risk auditee under OMB A-133 Section 530 | No |

ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2008

Internal Control Over Financial Reporting

2008-1 Accounting Procedures for Agency Funds

Criteria: As the primary tax collector for St. Tammany Parish, the Sheriff is expected to care for and account for the agency funds in a manner that permits the preparation of accurate, reliable and timely financial statements.

Condition: During our testing of agency funds, we noted that the accounting in the agency funds was inconsistent from fund to fund. Several adjustments were required in order to correct the accounting in these funds.

Cause: In the past, management has concentrated their effort on improving the accounting functions in the larger funds.

Effect: The conditions noted above resulted in multiple journal entries and excessive time spent by Sheriff personnel to prepare the financial statements of these funds.

Recommendation: We recommend that the Sheriff reevaluate the accounting procedures for all agency funds and make changes as necessary to promote a consistent accounting process. Accounting procedures should facilitate the preparation of accurate, reliable and timely financial statements that are in compliance with U.S. Generally Accepted Accounting Principles.

Management's Response: The accounting procedures for all agency funds will be reevaluated and changes will be made to promote a more consistent accounting process.

The accounting procedures referred to in the audit report have been in place for over 12 years. In fiscal year 2007, the Sheriff's finance department approached the auditor's regarding changing the accounting procedures for the ad valorem tax fund. The auditor's were in agreement, and the changes were implemented. It has been the goal of the Sheriff's finance department to change all funds to the same method; however, we waited for the auditor's to perform their audit before the changes were implemented across all funds.

Fiscal year 2008 was the first year the Sheriff prepared the financial statements. It was stated to the auditor's before the audit began that assistance would be needed in this area. This assistance was the reason additional time was needed to prepare the statements.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended June 30, 2008**

Compliance

2008-2 Noncompliance with Public Bid Law

Criteria: Louisiana Revised Statute 38:2212.1(A)(1)(a) states that all purchases of any materials or supplies exceeding the sum of twenty thousand dollars to be paid out of public funds shall be advertised and let by contract to the lowest bidder.

Condition: During our testing of public bid law compliance we noted one purchase of computer networking equipment/materials that was greater than twenty thousand dollars and public bid procedures were not followed.

Cause: The cause of the above condition appears to be management oversight.

Effect: The effect of the above condition was noncompliance with the public bid law.

Recommendation: We recommend that Sheriff personnel review the public bid law and follow all required public bid law procedures.

Management's Response: Personnel will review the public bid law and follow all required procedures in the future.

**ST. TAMMANY PARISH SHERIFF
ST. TAMMANY PARISH, LOUISIANA
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2008**

2007-1 Violation of LRS-R.S. 43:31

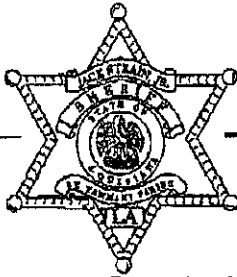
Status: This condition is no longer applicable as Attorney General Opinion No. 08-0072 states that a Sheriff may include his or her name on the official insignia of his office and may affix or attach said insignia to the motor vehicles that are utilized by the Sheriff and his or her deputies.

Jack Strain, Jr.

Sheriff

Ex-Officio Tax Collector
St. Tammany Parish

Jay Trainor
Chief Deputy



December 30, 2008

Legislative Audit Advisory Committee
P.O. Box 94397
Baton Rouge, LA 70804-9397

To whom it may concern:

I am writing in response to the finding included in our financial statements for the year ended June 30, 2008. Our corrective action plan is as follows:

2008-1 Accounting Procedures for Agency Funds

The accounting procedures for all agency funds will be reevaluated and changes will be made to promote a more consistent accounting process.

The accounting procedures referred to in the audit report have been in place for over 12 years. In fiscal year 2007 the Finance department approached the auditor's regarding changing the accounting procedures for the Advalorem Tax fund. The auditor's were in agreement, and the changes were implemented. It has been the goal of the STPSO finance department to change all funds to the same method; however, we waited for the auditor's to perform their audit before the changes were implemented across all funds.

Fiscal year 2008 was the first year the STPSO prepared the financial statements. It was stated to the auditor's before the audit began that assistance would be needed in this area. This assistance was the reason additional time was needed to prepare the statements.

2008-2 Noncompliance with Public

Personnel will review the public bid law and follow all required procedures in the future.

Sincerely,

Rodney J. Strain, Jr.
St. Tammany Parish Sheriff

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